



**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|  | GROUP             |                   | Increase/<br>(Decrease)<br>% |
|--|-------------------|-------------------|------------------------------|
|  | FY2017<br>S\$'000 | FY2016<br>S\$'000 |                              |
| Revenue  | 67,326            | 70,203            | (4.1)                        |
| Other operating income   | 716               | 959               | (25.3)                       |
| Changes in inventories of finished goods and work-in-progress        | (2,223)           | 273               | NM                           |
| Materials and consumables used                                       | (41,568)          | (47,723)          | (12.9)                       |
| Employee benefits expense  | (13,673)          | (12,933)          | 5.7                          |
| Depreciation expense   | (1,762)           | (1,631)           | 8.0                          |
| Other operating expenses   | (3,696)           | (4,669)           | (20.8)                       |
| Finance costs  | (294)             | (314)             | (6.4)                        |
| Share of results of an associate                                     | -                 | (200)             | NM                           |
| <b>Profit before tax</b>   | <b>4,826</b>      | <b>3,965</b>      | <b>21.7</b>                  |
| Income tax expense   | (582)             | (496)             | 17.3                         |
| <b>Profit for the year</b>   | <b>4,244</b>      | <b>3,469</b>      | <b>22.3</b>                  |
| <b>Other comprehensive income:</b>                                   |                   |                   |                              |
| <b>Items that may be reclassified subsequently to profit or loss</b> |                   |                   |                              |
| - Exchange differences on translation of foreign operations          | (50)              | 55                | NM                           |
| <b>Other comprehensive income for the year, net of tax</b>           | <b>(50)</b>       | <b>55</b>         | <b>NM</b>                    |
| <b>Total comprehensive income for the year</b>                       | <b>4,194</b>      | <b>3,524</b>      | <b>19.0</b>                  |
| <b>Profit (Loss) attributable to:</b>                                |                   |                   |                              |
| Owners of the Company  | 4,192             | 3,581             | 17.1                         |
| Non-controlling interests  | 52                | (112)             | NM                           |
|  | <b>4,244</b>      | <b>3,469</b>      | <b>22.3</b>                  |
| <b>Total comprehensive income (loss) attributable to:</b>            |                   |                   |                              |
| Owners of the Company  | 4,232             | 3,617             | 17.0                         |
| Non-controlling interests  | (38)              | (93)              | (59.1)                       |
|  | <b>4,194</b>      | <b>3,524</b>      | <b>19.0</b>                  |

NM: Not meaningful

**1(a)(ii) Notes to combined statements of profit or loss and other comprehensive income. The group's profit before tax was arrived at after crediting / (charging) the following:**

|   | <b>GROUP</b>                    |                                 |   |
|---|---------------------------------|---------------------------------|---|
|   | <b>FY2017</b><br><b>S\$'000</b> | <b>FY2016</b><br><b>S\$'000</b> | <b>Increase/<br/>(Decrease)</b><br><b>%</b> |
| Allowance for doubtful debts                                  | (128)                           | (130)                           | (1.5)                                       |
| Bad debts written off   | (43)                            | (2)                             | NM  |
| Interest income   | 30                              | 1                               | NM  |
| Interest expense  | (227)                           | (251)                           | (9.6)                                       |
| Depreciation of property, plant and equipment                 | (1,762)                         | (1,631)                         | 8.0   |
| Amortisation of intangible asset                              | (70)                            | (1)                             | NM  |
| (Loss) Gain on disposal of property, plant and equipment      | (1)                             | 274                             | NM  |
| Property, plant and equipment written off                     | (22)                            | (13)                            | 69.2  |
| Government grants   | 323                             | 392                             | (17.6)                                      |
| Rental expense  | (414)                           | (531)                           | (22.0)                                      |
| Initial public offer ("IPO") expenses                         | -                               | (552)                           | NM  |
| Gain (Loss) on foreign exchange                               | 153                             | (270)                           | NM  |
| Loss on fair value change on derivative financial instruments | (3)                             | (10)                            | (70.0)                                      |
| Overprovision of tax in respect of prior years                | -                               | 29                              | NM  |
| Allowance for inventories                                     | (93)                            | (135)                           | (31.1)                                      |

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENT OF FINANCIAL POSITION**

|   | <b>GROUP</b>                             |  | <b>COMPANY</b>                           |  |
|---|--|--|--|--|
|   | <b>As at<br/>31 Dec 2017<br/>S\$'000</b> | <b>As at<br/>31 Dec 2016<br/>S\$'000</b> | <b>As at<br/>31 Dec 2017<br/>S\$'000</b> | <b>As at<br/>31 Dec 2016<br/>S\$'000</b> |
| <b>ASSETS</b>                                   |  |  |  |  |
| <b>Current assets</b>                           |  |  |  |  |
| Cash and bank balances                          | 25,592                                   | 20,770                                   | 14,864                                   | 13,775                                   |
| Trade and other receivables                     | 10,774                                   | 10,142                                   | 133                                      | 131                                      |
| Derivative financial instruments                | -  | 3  | -  | -  |
| Inventories                                     | 11,014                                   | 13,347                                   | -  | -  |
| <b>Total current assets</b>                     | <b>47,380</b>                            | <b>44,262</b>                            | <b>14,997</b>                            | <b>13,906</b>                            |
| <b>Non-current assets</b>                       |  |  |  |  |
| Property, plant and equipment                   | 21,166                                   | 22,217                                   | -  | -  |
| Investment in subsidiaries                      | -  | -  | 3,564                                    | 2,476                                    |
| Investment in an associate                      | -  | -  | -  | -  |
| Intangible assets                               | 3,546                                    | 5  | -  | -  |
| <b>Total non-current assets</b>                 | <b>24,712</b>                            | <b>22,222</b>                            | <b>3,564</b>                             | <b>2,476</b>                             |
| <b>Total assets</b>                             | <b>72,092</b>                            | <b>66,484</b>                            | <b>18,561</b>                            | <b>16,382</b>                            |
| <b>EQUITY AND LIABILITIES</b>                   |  |  |  |  |
| <b>Current liabilities</b>                      |  |  |  |  |
| Trade and other payables                        | 14,725                                   | 14,154                                   | 258                                      | 274                                      |
| Finance leases                                  | 211                                      | 328                                      | -  | -  |
| Bank borrowings                                 | 982                                      | 1,093                                    | -  | -  |
| Derivative financial instruments                | 1  | 1  | -  | -  |
| Income tax payable                              | 612                                      | 519                                      | -  | -  |
| <b>Total current liabilities</b>                | <b>16,531</b>                            | <b>16,095</b>                            | <b>258</b>                               | <b>274</b>                               |
| <b>Non-current liabilities</b>                  |  |  |  |  |
| Deferred tax liabilities                        | 942                                      | 429                                      | -  | -  |
| Other payables                                  | 1,066                                    | 31                                       | -  | -  |
| Finance leases                                  | 267                                      | 435                                      | -  | -  |
| Bank borrowings                                 | 5,274                                    | 6,168                                    | -  | -  |
| <b>Total non-current liabilities</b>            | <b>7,549</b>                             | <b>7,063</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>CAPITAL AND RESERVES</b>                     |  |  |  |  |
| Share capital                                   | 11,351                                   | 11,351                                   | 11,351                                   | 11,351                                   |
| Accumulated profits                             | 35,875                                   | 32,388                                   | 6,364                                    | 4,757                                    |
| Reserves  | 890                                      | 352                                      | 588                                      | -  |
| Equity attributable to owners of<br>the Company | 48,116                                   | 44,091                                   | 18,303                                   | 16,108                                   |
| Non-controlling interests                       | (104)                                    | (765)                                    | -  | -  |
| <b>Total equity</b>                             | <b>48,012</b>                            | <b>43,326</b>                            | <b>18,303</b>                            | <b>16,108</b>                            |
| <b>Total equity and liabilities</b>             | <b>72,092</b>                            | <b>66,484</b>                            | <b>18,561</b>                            | <b>16,382</b>                            |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

| As at 31 Dec 2017 |           | As at 31 Dec 2016 |           |
|-------------------|-----------|-------------------|-----------|
| Secured           | Unsecured | Secured           | Unsecured |
| S\$'000           | S\$'000   | S\$'000           | S\$'000   |
| 1,193             | -         | 1,421             | -         |

**Amount repayable after one year**

| As at 31 Dec 2017 |           | As at 31 Dec 2016 |           |
|-------------------|-----------|-------------------|-----------|
| Secured           | Unsecured | Secured           | Unsecured |
| S\$'000           | S\$'000   | S\$'000           | S\$'000   |
| 5,541             | -         | 6,603             | -         |

**Details of any collateral**

- (i) The Group's bank borrowings are secured by a corporate guarantee and the Group's land and buildings; and
- (ii) The Group's finance leases are secured by a corporate guarantee and the lessors' title to the leased assets.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | <b>GROUP</b>                |                             |
|---|-----------------------------|-----------------------------|
|   | <b>FY2017</b>               | <b>FY2016</b>               |
|   | <b>S\$'000</b>              | <b>S\$'000</b>              |
| <b>Operating activities</b>                                     |                             |                             |
| Profit before taxation  | 4,826                       | 3,965                       |
| Adjustments for:  |                             |                             |
| Interest income   | (30)                        | (1)                         |
| Depreciation expense  | 1,762                       | 1,631                       |
| Amortisation of intangible asset                                | 70                          | 1                           |
| Property, plant and equipment written off                       | 22                          | 13                          |
| Bad debts written off   | 43                          | 2                           |
| Allowance for doubtful debts                                    | 128                         | 130                         |
| Loss (Gain) on disposal of property, plant and equipment        | 1                           | (274)                       |
| Interest expense  | 227                         | 251                         |
| Fair value changes on derivative financial instruments          | 3                           | 10                          |
| Allowance for inventories                                       | 93                          | 135                         |
| Share of results of an associate                                | -                           | 200                         |
| <b>Operating cash flows before movements in working capital</b> | <b>7,145</b>                | <b>6,063</b>                |
| Inventories   | 2,331                       | (350)                       |
| Trade and other receivables                                     | 135                         | 2,459                       |
| Trade and other payables  | (616)                       | (3,859)                     |
| <b>Cash flows generated from operations</b>                     | <b>8,995</b>                | <b>4,313</b>                |
| Income tax paid   | (1)                         | (346)                       |
| <b>Net cash from operating activities</b>                       | <b>8,994</b>                | <b>3,967</b>                |
| <b>Investing activities</b>                                     |                             |                             |
| Interest income   | 30                          | 1                           |
| Proceeds from disposal of property, plant and equipment         | 1                           | 2                           |
| Purchase of property, plant and equipment                       | (1,097)                     | (2,620)                     |
| Purchase of intangible assets                                   | (6)                         | (6)                         |
| Investment in an associate                                      | -                           | (200)                       |
| Net cash outflow on acquisition of subsidiaries                 | (807)                       | -                           |
| <b>Net cash used in investing activities</b>                    | <b>(1,879)</b>              | <b>(2,823)</b>              |
| <b>Financing activities</b>                                     |                             |                             |
| Dividends paid  | (705)                       | (2,200)                     |
| Interest paid   | (227)                       | (251)                       |
| Repayment of bank borrowings                                    | (1,028)                     | (760)                       |
| Repayment of finance leases                                     | (331)                       | (236)                       |
| Proceeds from issue of shares                                   | -                           | 9,351                       |
| Share buy-back  | -                           | (2,816)                     |
| <b>Net cash (used in) from financing activities</b>             | <b>(2,291)</b>              | <b>3,088</b>                |
| Net increase in cash and cash equivalents                       | 4,824                       | 4,232                       |
| Cash and cash equivalents at beginning of year                  | 20,570                      | 16,352                      |
| Effect of foreign exchange rate changes                         | (2)                         | (14)                        |
| <b>Cash and cash equivalents at end of year</b>                 | <b>25,392<sup>(1)</sup></b> | <b>20,570<sup>(1)</sup></b> |

<sup>(1)</sup> Excludes pledged fixed deposit of S\$0.2 million (FY2016: S\$0.2 million).

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| <b>Group</b>  | <b>Share capital<br/>S\$'000</b> | <b>Accumulated profits<br/>S\$'000</b> | <b>Reserves<br/>S\$'000</b> | <b>Equity attributable to owners of the Company<br/>S\$'000</b> | <b>Non-controlling interests<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|----------------------------------|--|-----------------------------|---|--|--------------------------|
| <b>Balance as at January 1, 2017</b>  | 11,351                           | 32,388                                 | 352                         | 44,091  | (765)  | 43,326                   |
| Transactions with owners, recognised directly in equity:                      |                                  |  |                             |   |  |                          |
| Contribution by non-controlling interests                                     | -                                | -                                      | -                           | -   | 110  | 110                      |
| Non-controlling interest arising from acquisition of subsidiaries             | -                                | -                                      | -                           | -   | 589  | 589                      |
| Effects of acquiring part of non-controlling interest in subsidiaries company | -                                | -                                      | 588                         | 588   | -  | 588                      |
| Dividends paid  | -                                | (705)                                  | -                           | (705)   | -  | (705)                    |
| <b>Total</b>  | <b>11,351</b>                    | <b>(705)</b>                           | <b>588</b>                  | <b>(117)</b>  | <b>699</b>                                   | <b>582</b>               |
| Total comprehensive income for the year:                                      |                                  |  |                             |   |  |                          |
| Profit for the year   | -                                | 4,192                                  | -                           | 4,192   | 52   | 4,244                    |
| Other comprehensive income for the year                                       | -                                | -                                      | (50)                        | (50)  | (90)   | (140)                    |
| <b>Total</b>  | <b>-</b>                         | <b>4,192</b>                           | <b>(50)</b>                 | <b>4,142</b>  | <b>(38)</b>                                  | <b>4,104</b>             |
| <b>Balance as at December 31, 2017</b>  | <b>11,351</b>                    | <b>35,875</b>                          | <b>890</b>                  | <b>48,116</b>   | <b>(104)</b>                                 | <b>48,012</b>            |
| <b>Balance as at January 1, 2016</b>  | 4,800                            | 31,023                                 | 316                         | 36,139  | (697)  | 35,442                   |
| Transactions with owners, recognised directly in equity:                      |                                  |  |                             |   |  |                          |
| Issue of share capital  | 9,351                            | -                                      | -                           | 9,351   | -  | 9,351                    |
| Adjustment from share capital buy-back  | (2,800)                          | (16)                                   | -                           | (2,816)   | -  | (2,816)                  |
| Adjustment from share disposal in a subsidiary to non-controlling interests   | -                                | -                                      | -                           | -   | 25   | 25                       |
| Dividends paid  | -                                | (2,200)                                | -                           | (2,200)   | -  | (2,200)                  |
| <b>Total</b>  | <b>6,551</b>                     | <b>(2,216)</b>                         | <b>-</b>                    | <b>4,335</b>  | <b>25</b>                                    | <b>4,360</b>             |
| Total comprehensive income for the year:                                      |                                  |  |                             |   |  |                          |
| Profit (Loss) for the year  | -                                | 3,581                                  | -                           | 3,581   | (112)  | 3,469                    |
| Other comprehensive income for the year                                       | -                                | -                                      | 36                          | 36  | 19   | 55                       |
| <b>Total</b>  | <b>-</b>                         | <b>3,581</b>                           | <b>36</b>                   | <b>3,617</b>  | <b>(93)</b>                                  | <b>3,524</b>             |
| <b>Balance as at December 31, 2016</b>  | <b>11,351</b>                    | <b>32,388</b>                          | <b>352</b>                  | <b>44,091</b>   | <b>(765)</b>                                 | <b>43,326</b>            |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| <b>Company</b>  | <b>Share capital<br/>S\$'000</b> | <b>Accumulated profits<br/>S\$'000</b> | <b>Reserves<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|----------------------------------|--|-----------------------------|--------------------------|
| <b>Balance as at January 1, 2017</b>  | 11,351                           | 4,757                                  | -                           | 16,108                   |
| Transactions with owners, recognised directly in equity:                      |                                  |  |                             |                          |
| Dividends paid  | -                                | (705)                                  | -                           | (705)                    |
| Effects of acquiring part of non-controlling interest in subsidiaries company | -                                | -                                      | 588                         | 588                      |
| Profit for the year, representing total comprehensive income for the year     | -                                | 2,312                                  | -                           | 2,312                    |
| <b>Balance as at December 31, 2017</b>  | <b>11,351</b>                    | <b>6,364</b>                           | <b>588</b>                  | <b>18,303</b>            |
| <b>Balance as at January 1, 2016</b>  | 4,800                            | 3,784                                  | -                           | 8,584                    |
| Transactions with owners, recognised directly in equity:                      |                                  |  |                             |                          |
| Adjustment from share buy-back  | (2,800)                          | (16)                                   | -                           | (2,816)                  |
| Dividend paid   | -                                | (2,200)                                | -                           | (2,200)                  |
| Issuance of share capital   | 9,351                            | -                                      | -                           | 9,351                    |
| Profit for the year, representing total comprehensive income for the year     | -                                | 3,189                                  | -                           | 3,189                    |
| <b>Balance as at December 31, 2016</b>  | <b>11,351</b>                    | <b>4,757</b>                           | <b>-</b>                    | <b>16,108</b>            |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the corresponding period immediately preceding financial year.**

Details of changes in issued and paid-up share capital of the Company as at 31 December 2017 and 30 June 2017 are as follows:

|   | Number of<br>shares | Issued and paid-up<br>share capital<br>S\$ |
|---|---------------------|--|
| Balance as at 31 December 2017 and 30 June 2017 | 235,000,000         | 11,350,674                                 |

There are no outstanding options, convertibles or treasury shares held by the Company or subsidiary holdings as at 31 December 2017 and 31 December 2016.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

|                               | As at 31 Dec 2017 | As at 31 Dec 2016 |
|-------------------------------|-------------------|-------------------|
| Total number of issued shares | 235,000,000       | 235,000,000       |

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no treasury shares held by the Company.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There are no subsidiary holdings.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the Group's financial statement for the financial year ended 31 December 2017 ("FY2017") compared to its most recently audited financial statements for the financial year ended 31 December 2016 ("FY2016").



**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in the Group's accounting policies and methods of computation including any required by accounting standards. The adoption of the new and revised financial reporting standards ("FRS") including their consequential amendments and interpretations of FRS are assessed to have no material impact on the financial figures for the current financial year.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>FY2017</b> | <b>FY2016</b> |
| Profit attributable to owners of the Company (S\$'000) | 4,192         | 3,581         |
| Weighted average number of shares ('000)               | 235,000       | 235,000       |
| Basic and diluted earnings per share (cents)           | 1.78          | 1.52          |

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

|                                   | <b>Group</b>                 |                              | <b>Company</b>               |                              |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                   | <b>As at<br/>31 Dec 2017</b> | <b>As at<br/>31 Dec 2016</b> | <b>As at<br/>31 Dec 2017</b> | <b>As at<br/>31 Dec 2016</b> |
| Net asset value (S\$'000)         | 48,116                       | 44,091                       | 18,303                       | 16,108                       |
| Number of shares ('000)           | 235,000                      | 235,000                      | 235,000                      | 235,000                      |
| Net asset value per share (cents) | 20.47                        | 18.76                        | 7.79                         | 6.85                         |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **REVIEW OF INCOME STATEMENT**

Revenue decreased by S\$2.9 million or 4.1% from S\$70.2 million in FY2016 to S\$67.3 million in FY2017. This was mainly attributable to a decrease in revenue from Equipment Sales and Repairs and Servicing of S\$4.2 million and S\$1.6 million respectively and partially offset by an increase in revenue from Projects and Training of S\$0.4 million and S\$2.5 million respectively. The decrease in Equipment Sales and Repairs and Servicing was due to a challenging business environment, increased competition from new market entrants and EURO 6 emission regulation introduced in January 2018. The increase in revenue from Projects was due to an increase in equipment being completed and delivered. There was also an increase in revenue from Training due to an increase in WDA approved programs being secured and 4-month revenue contribution from our newly acquired 60%-owned subsidiary, Ascendo International Holdings Pte Ltd ("**Ascendo**").

Other operating income decreased by S\$0.2 million or 25.3% from S\$0.96 million in FY2016 to S\$0.72 million in FY2017 mainly due to a decrease in government grants and rental income.

Changes in inventories of finished goods and work-in-progress, as well as materials and consumables used, decreased by S\$3.7 million or 7.8% from S\$47.5 million in FY2016 to S\$43.8 million in FY2017 mainly due to a decrease in purchases of equipment because of lower level of orders for Equipment Sales.

Employee benefits expense increased by S\$0.8 million or 5.7% from S\$12.9 million in FY2016 to S\$13.7 million in FY2017 mainly due to the additional headcount arising from the acquisition of Ascendo.

Depreciation expense increased by S\$0.1 million or 8.0% from S\$1.6 million in FY2016 to S\$1.7 million in FY2017 mainly due to an increase in depreciation expense for our leasehold land and buildings at 79 Joo Koon Circle as a result of the completion of the four-storey annex building as well as purchases of plant and machinery.

Other operating expenses decreased by S\$1.0 million or 20.8% from S\$4.7 million in FY2016 to S\$3.7 million in FY2017 mainly due to (a) the absence of a one-off IPO expenses, and (b) a decrease in rental expense due to expiration of rental at 11 Joo Koon Crescent and 6 Enterprise Road for industrial training purposes and storage of new equipment respectively.

Finance costs decreased by S\$0.02 million or 6.4% from S\$0.31 million in FY2016 to S\$0.29 million in FY2017 mainly due to repayment of bank borrowings.

As a result of the foregoing, profit after tax increased by S\$0.7 million or 22.3% from S\$3.5 million in FY2016 to S\$4.2 million in FY2017.

### **REVIEW OF FINANCIAL POSITION**

The Group's current assets increased by S\$3.1 million or 7.0% from S\$44.3 million as at 31 December 2016 to S\$47.4 million as at 31 December 2017, mainly due to an increase in cash and bank balances of S\$4.8 million, an increase in trade and other receivables of S\$0.6 million and partially offset by a decrease in inventories of S\$2.3 million. The increase in trade and other receivables was due to the acquisition of Ascendo while the decrease in inventories was due to lesser procurement of equipment.

The Group's non-current assets increased by S\$2.5 million or 11.2% from S\$22.2 million as at 31 December 2016 to S\$24.7 million as at 31 December 2017, mainly due to an increase in intangible assets of S\$3.5 million and partially offset by a decrease in property, plant and equipment of S\$1.0 million. The increase in intangible assets was due to the acquisition of Ascendo while the decrease in property, plant and equipment was mainly due to the depreciation during the period. Properties are stated at historical cost.

The Group's current liabilities increased by S\$0.4 million or 2.7% from S\$16.1 million as at 31 December 2016 to S\$16.5 million as at 31 December 2017, mainly due to an increase in trade and other payables of S\$0.6 million and partially offset by a decrease in bank borrowings of S\$0.2 million due to the repayment of term loan.

The Group's non-current liabilities increased by S\$0.4 million or 7.0% from S\$7.1 million as at 31 December 2016 to S\$7.5 million as at 31 December 2017 mainly due to an increase in other payables and deferred tax liabilities of S\$1.0 million and S\$0.5 million respectively and partially offset by the repayment of bank borrowings and finance leases of S\$1.1 million.

### **REVIEW OF CASH FLOWS**

In FY2017, the Group generated net cash from operating activities before changes in working capital of S\$7.1 million. Net cash generated from working capital amounted to S\$1.9 million mainly due to a decrease in inventories of S\$2.3 million, a decrease in trade and other receivables of S\$0.2 million and partially offset by a decrease in trade and other payables of S\$0.6 million. As a result, net cash generated from operating activities amounted to S\$9.0 million.

Net cash used in investing activities amounted to S\$1.9 million in FY2017, mainly due to purchase of property, plant and equipment of S\$1.1 million and net cash outflow from an acquisition of subsidiaries of S\$0.8 million in relation to the acquisition of Ascendo.

Net cash used in financing activities amounted to S\$2.3 million in FY2017, mainly due to payment of dividends of S\$0.7 million, repayment of bank borrowings and finance leases of S\$1.4 million and interest paid of S\$0.2 million.

As a result of the above, the Group's cash and cash equivalents increased by S\$4.8 million to S\$25.4 million in FY2017.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

With regards to the equipment sales, the demand for new equipment is expected to remain subdued as a result of the newly introduced Euro 6 emission standards effective in January 2018. Repairs and servicing is expected to remain stable in FY2018.

With the acquisition of Ascendo, the total number of courses offered to the public has increased from 16 Workforce Skill Qualifications (“**WSQ**”) courses to over 50 WSQ courses. Together with Wong Fong Academy Pte Ltd, the training segment is expected to be an important profit contributor to the Group in FY2018.

Though the Group expects 2018 to be a challenging year, we anticipate overall business to remain stable and profitable. The Group had already begun to review and actively manage its expenses, it will continue to invest in its human capital, capability enhancements as well as actively look out for strategic alliances both in and outside Singapore.

**11. Dividend**

**(a) Any dividend declared for the current financial period reported on?**

|                                   |                       |
|-----------------------------------|-----------------------|
| Name of dividend                  | Final                 |
| Dividend type                     | Cash                  |
| Dividend amount per share (cents) | 0.0036                |
| Tax rate                          | Tax exempt (one-tier) |

The final dividends are subject to shareholders’ approval at the forthcoming annual general meeting of the Company (“**AGM**”).

**(b) Corresponding Period of the Immediately Preceding Financial Year?**

|                                   |                       |
|-----------------------------------|-----------------------|
| Name of dividend                  | Final                 |
| Dividend type                     | Cash                  |
| Dividend amount per share (cents) | 0.003                 |
| Tax rate                          | Tax exempt (one-tier) |

**(c) Date payable**

Subject to shareholders’ approval at the AGM, the date payable is to be advised.

**(d) Books closure date**

Subject to shareholders’ approval at the AGM, the books closure date is to be advised.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for interested person transactions. There is no interested person transaction of S\$100,000 or more for FY2017.

**14. Confirmation by the issuer pursuant to Rule 720(1)**

The Company has procured the undertakings from all its Directors and executive officers as required under Rule 720(1) of the Catalist Rules.

**15. Negative confirmation by the Board pursuant to Rule 705(5)**

Not required for announcement on full year results.

**16. Use of IPO proceeds**

The Company received net proceeds from the IPO of S\$8.3 million (the “**Net Proceeds**”). As at the date of this announcement, the Net Proceeds have been utilised as follows:

| <b>Purpose</b>   | <b>Allocation of Net Proceeds (as disclosed in the offer document)<br/>S\$'000</b> | <b>Net Proceeds utilised as at the date of this announcement<br/>S\$'000</b> | <b>Balance of Net Proceeds as at the date of this announcement<br/>S\$'000</b> |
|--|--|--|--|
| Expansion and diversification of our operations and product offerings through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaborations | 2,500  | (1,600)  | 900  |
| Enhancement of service and production facilities   | 2,000  | (2,000)  | -  |
| Developing new products and services   | 1,000  | (1,000)  | -  |
| Working capital and general corporate purposes <sup>(1)</sup>  | 2,800  | (2,800)  | -  |
|  | <b>8,300</b>   | <b>(7,400)</b>   | <b>900</b>   |

Note:

(1) Mainly comprise equipment purchase for fulfilment of project delivery.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

17. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

|   | <b>Group</b>   |                |                                 |                |
|---|----------------|----------------|---------------------------------|----------------|
|   | <b>Revenue</b> |                | <b>Profit before income tax</b> |                |
|   | <b>FY2017</b>  | <b>FY2016</b>  | <b>FY2017</b>                   | <b>FY2016</b>  |
|   | <b>S\$'000</b> | <b>S\$'000</b> | <b>S\$'000</b>                  | <b>S\$'000</b> |
| Equipment Sales                                     | 44,393         | 48,539         | 1,107                           | 1,153          |
| Repairs and Servicing                               | 11,907         | 13,559         | 3,518                           | 4,276          |
| Projects  | 7,293          | 6,932          | 267                             | 603            |
| Training  | 3,733          | 1,173          | 553                             | (89)           |
|   | <u>67,326</u>  | <u>70,203</u>  | <u>5,445</u>                    | <u>5,943</u>   |
| Employee benefit expense                            |                |                | (294)                           | (507)          |
| Other operating expenses                            |                |                | (61)                            | (958)          |
| Dividend income from available-for-sale investments |                |                | -                               | -              |
| Share of results of an associate                    |                |                | -                               | (200)          |
| Interest income                                     |                |                | 30                              | 1              |
| Finance costs                                       |                |                | (294)                           | (314)          |
| Profit before income tax                            |                |                | <u>4,826</u>                    | <u>3,965</u>   |
| Income tax expenses                                 |                |                | (582)                           | (496)          |
| Profit after income tax                             |                |                | <u>4,244</u>                    | <u>3,469</u>   |

Segment assets

|                           | <b>Group</b>   |                |
|---------------------------|----------------|----------------|
|                           | <b>FY2017</b>  | <b>FY2016</b>  |
|                           | <b>S\$'000</b> | <b>S\$'000</b> |
| Equipment Sales           | 35,521         | 36,861         |
| Repairs and Servicing     | 8,976          | 9,966          |
| Projects                  | 5,211          | 4,877          |
| Training                  | 6,998          | 604            |
| Total segment assets      | <u>56,706</u>  | <u>52,308</u>  |
| Unallocated assets        | 15,386         | 14,176         |
| Consolidated total assets | <u>72,092</u>  | <u>66,484</u>  |

Liabilities are not allocated as they are not monitored by the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Other segment information

|                       | <b>Group</b>                         |                |  |                |
|-----------------------|--------------------------------------|----------------|--|----------------|
|                       | <b>Depreciation and amortisation</b> |                | <b>Additions to non-current assets</b> |                |
|                       | <b>FY2017</b>                        | <b>FY2016</b>  | <b>FY2017</b>                          | <b>FY2016</b>  |
|                       | <b>S\$'000</b>                       | <b>S\$'000</b> | <b>S\$'000</b>                         | <b>S\$'000</b> |
| Equipment Sales       | 1,170                                | 1,102          | 173                                    | 2,494          |
| Repairs and Servicing | 311                                  | 310            | 44                                     | 701            |
| Projects              | 185                                  | 150            | 25                                     | 362            |
| Training              | 166                                  | 70             | 2,678                                  | 200            |
| Total                 | <u>1,832</u>                         | <u>1,632</u>   | <u>2,920</u>                           | <u>3,757</u>   |

**18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.**

Please refer to paragraph 8.

**19. A breakdown of sales**

|  | Group   |         |                         |
|--|---------|---------|-------------------------|
|  | FY2017  | FY2016  | Increase/<br>(Decrease) |
|  | S\$'000 | S\$'000 | %                       |
| Sales reported for:                                      |         |         |                         |
| (a) First half of the financial year                     | 28,057  | 30,620  | (8.4)                   |
| (b) Second half of the financial year                    | 39,269  | 39,583  | (0.8)                   |
| Profit attributed to owners of the Company reported for: |         |         |                         |
| (a) First half of the financial year                     | 712     | 870     | (18.2)                  |
| (b) Second half of the financial year                    | 3,480   | 2,711   | 28.4                    |

**20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

|              | FY2017  | FY2016  |
|--------------|---------|---------|
|              | S\$'000 | S\$'000 |
| Ordinary     |         |         |
| - Final      | 846     | 705     |
| - Preference | -       | -       |
| Total        | 846     | 705     |

The final dividend is subject to shareholders' approval at the AGM.

21. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

| <b>Name</b>     | <b>Age</b> | <b>Family relationship with any director and/or substantial shareholder</b> | <b>Current position and duties, and the year the position was first held</b>  | <b>Details of changes in duties and position held, if any, during the year</b>                  |
|-----------------|------------|---|---|---|
| Lew Siew Choo   | 47         | Daughter of Jimmy Lew and sister of Liew Chern Yearn and Eric Lew           | Year 2014: Director (Supply Chain Management and Information Technology). Oversees the Group's supply chain operations and also oversees the Group's administrative and information technology functions. | No change   |
| Jean Liew       | 59         | Sister of Jimmy Lew and James Liew  | Year 1994: Finance Manager. Oversees the import and export logistics documentation, corporate secretarial matters of the Group as well as liaison with banks.   | No change   |
| Liu Shanni      | 34         | Son of James Liew   | Year 2017: Senior Sales Operations Manager. Oversees the sales and operations management, information technology function as well as oversees Myanmar operations.   | Promoted from Sales Operations Manager to Senior Sales Operations Manager. No change in duties. |
| Ng Chin Yee     | 64         | Father-in-law of Eric Lew   | Year 2006: Operations Manager. Oversees the workshop operations efficiency and infrastructure maintenance.  | No change   |
| Wong Kong Chong | 54         | Son of Liew Khuen Choy  | Year 2003: Operations Manager. Oversees the production planning and management functions as well as housekeeping activities at Tuas site.   | No change   |
| Wong Kong San   | 55         | Son of Liew Khuen Choy  | Year 2013: Senior Engineering Manager. Oversees the sourcing and management of subcontracting projects in China as well as oversees design and development function.                                      | No change   |



**BY ORDER OF THE BOARD**

**James Liew**  
**Deputy Chairman and Managing Director**

**Eric Lew**  
**Executive Director**

01 March 2018

*This announcement has been prepared by Wong Fong Industries Limited (“**Company**”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*